DOCUMENT RESUME

ED 264 494 CG 018 722

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TITLE Seniors Population Boom Poses Major Challenges.
PUB DATE [84]
NOTE 12p.
PUB TYPE Information Analyses (070) -- Viewpoints (120)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Adult Day Care; Employment Patterns; Federal Legislation; Federal Programs; Health Needs; *Health Services; Labor Force; Needs Assessment; *Older Adults; *Public Policy; *Retirement

ABSTRACT

During the last century the population over age 65 in America has increased fourfold. This dramatic increase requires careful economic and social planning and preparation by society, and consideration of specific programs and policies by Congress. Areas needing special consideration are: (1) employment and retirement; (2) allocatoin of health care resources; and (3) long-term care. In the employment and retirement field, policy makers must consider ways to keep older workers in the labor force without penalizing those who, because of health reasons, unemployment, or age discrimination must retire early. In regard to allocation of health care resources, the government must reconsider its present policy since the escalation of health care costs and rising senior population will tax the government's health care provisions as well as demand greater proportions of the elderly's income. In the third area, long-term care, institutional care will not be available for many individuals and so the most effective use of available facilities must be made and assistance must be given for family and community care. Other factors which must be taken into consideration by policy makers include the facts that in the future, seniors' life patterns will be different, there will be more elderly, and the elderly will be predominantly female and alone. (ABB)

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SENIORS POPULATION BOOM POSES MAJOR CHALLENGES

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Overview

Elderly Americans share the same basic individual needs and desires of other Americans; e.g.,

1- A respected place in the community with no discrimination because of age, race, sex, or religion.

2- Healthful living and working conditions and good quality health care when needed.

3- Opportunities to work for a fair wage during their healthy lifetime, with employment suitable to their mental and physical capabilities.

4- Economic support when retire or unable to work because of ill health or disability.

Today, American citizens over age 65 are the fastest growing age group in the country. During the past two decades it has grown twice as fast as the rest of our population. By the time children born now reach age 65, one American in five, or 20%, will be age 65 or older.

Additionally - of this senior group, an increasing percentage will be female, poor and alone. Because women marry younger than men and outlive them, more elderly women will be widows, more of them poor, and at greater risk of institutionalizarion than the rest of the seniors population.

If we are, as a nation, to prepare for this increasingly older population in future years, complex policy challenges and issues must be faced - realistically. Two such issues posing challenging and complex national policy considerations are:

1- the employment and retirement of the American workforce, and
2- the allocation of available health resources among American citizens.

Several significent trends among social demographics illustrate clearly that the challenges posed by the impending seniors population boom are both complex and considerable. These trends are:

1- Population boom

In 1960 some 16.5 million Americans (10% of the population) were over age 65. It is estimated that by the middle of the 21st century some 67 million (20% of the population) will be 65 or older. This represents more than a 400 percent increase in less than 100 years! Over the past two decades the costs for the various programs benefiting the elderly have also grown rapidly.

2- Employment and retirement trends

Both men and women are living longer yet retiring younger. In 1950 some 46% of men over age 65 were employed. By 1983 this had dropped to only 17%, or less than half the 1950 employment rate !

Among woman in this age group, 10% were employed in 1950. By 1983 this had decreased to only 7% - a 30% drop in employment rate !

This live longer/retire earlier trend reflects a most significant fact; the elderly dependent population is growing faster than the working population. Since 1960, there has been an increase in the ratio of dependent seniors to citizens of working age. This increase in dependent seniors is expected to escalate rapidly in years ahead as the 'baby boomers' reach retirement age.

Growing concern is being expressed that future government policies providing support for senior citizens not unfairly burden the relatively poor young Americans. Such questions of inter-generational equity are receiving greater attention in the legislative, executive and judicial branches of our national government. Concern has also been expressed among some policymakers that financially burdened younger Americans may come to resent the increasing costs of public support for the elderly.

3- Allocation of health resources trends

Today, health care takes more of our national income. For example, in 1960 about 5% of the gross national product (GNP) went for health care. Some 25 years later, over 10% of the GNP

will be expended for health care.

Among senior Americans, health care is taking more of their money. In 1984, America's seniors spent a higher proportion of their income on health care than they were paying before Medicare and Medicaid were enacted.

Costs for Medicare coverage continue to increase; it could more than double by 1990 ! In 1967 Medicare costs were $4.7 billion. In 1982 it was $52.2 billion - over 1000% increase !

The demand for nursing home care is rising faster than the supply. Today about 20% of the very old are institutionalized. Yet there is a rising number of people who survive once fatal health problems and live for decades with chronic illnesses which require assistance. Exascerbating this situation, the ability of immediate families to provide home care is decreasing as the number of wage-earning family members decreases.

The above-noted trends make it starkly evident that this imminent population boom among America's elderly poses some serious national policy questions. Among them, in the employment and retirement area are:

1- Should individuals remain in the workforce longer?

2-At what age should mandatory retirement be set?

3- Should Social Security provide a minimum benefit level, or be used as the primary retirement income?

4- Should Social Security provide the same benefits to rich and poor, and how should its benefits correspond to payments?

5- What is the approximate mix of public and private participation in retirement policy?

6- What is the appropriate mix of income sources?

In the area of health care resources allocation, some challenging

questions for future national policy include:

1- Are there more efficient ways to spend limited public funds in health care?

2- What are the most appropriate roles for the public and private sectors in financing delivery and regulation of health care services?

3- What are the alternatives to institutionalization?

4- Should the health costs for the elderly be dealth with separately from the health costs of others?

5- How should the government and researchers balance the goals of expanding lifespan and improving the quality of life?

Needed Congressional Action/Attention

There are three broad issues which are most likely to need Congressional action during the next decade to insure adequate attention for the 21st century seniors population boom. These are - Employment & Retirement; Allocation of Health Care Resources; Long-Term Care.

In the Employment & Retirement field, some salient considerations are:

1- Laws and regulations relating to older workers and retirement may require a revision becayse of the declining population of entry-level workers (18 to 24 age group) and the increasing population of elderly people.

2- Social Security is expected to be the prinicipal source of retirement income in the foreseeable future. During the 1990s and the first decade of the 21st century, Social Security is projected to build extremely large surpluses. But thereafter, a continued trend towards early retirement and increased longevity, and low birth rates, could exhaust such surplus during the lifetime-in-retirement of younger workers entering the workforce later in this century,

3- A major significant trend of the past half-century has been the decline within the workforce of America's senior citizens. There evidently are

now many incentives for older workers to leave the workforce at the comparatively young ages of 55 to 64. Demographic data indicates that leaving the labor force before age 65 has now become the norm. On the average, however, people are now living longer. Therefore, it may be necessary before the turn of the century to establish a greater incentive for older workers to remain in the workforce longer. The employment needs for sufficient skilled workers in our economy, along with significant numbers within the workforce to support those who cannot work, may necessitate creation of such incentives.

4- The solvency of pension and Social Security programs may be materially impacted by the employment and retirement decisions of the elderly and near-elderly in the years ahead. Unfortunately there is less than certainty about the economic future of the country. It will therefore be necessary to carefully monitor and analyze the interaction of a broad spectrum of economic driving forces. Failure to do so could impede the development of coherent public policies in this area.

In regard to Allocation of Health Care Resources, the following are germane considerations:

1- For all Americans, health care costs have increased at a startling rate. However, a major user of health care services is the elderly population. This older segment is increasing, particularly the 85+ group.

2- Because of the above-noted facts, articulated fears and concerns are being expressed by:

(a) the elderly who are deeply concerned that out-of-pocket health care costs continue to rise, and current health care support is being reduced. In short - they fear they will be unable to afford the care they need.

(b) the young too are fearful that by the time they become the beneficiaries of Medicare, the system will be insolvent or restricted to the point that they will receive fewer benefits than do current beneficiaries.

(c) the Congress and Executive Branch of the federal government.

Apprehension exists that rising health care costs will lead to insolvency of the Medicare Trust Fund; a larger federal budget; or both.

3- Assuredly this is an area which has no simple solutions to form the basis for a sound national policy. Yet this is a pressing, immediate problem for which the luxury of lead-time is simply not available. Congress, in seeking to enact appropriate legislation, must consider the following stark facts:

(1) Health care is taking more of our national income.

(2) Health care is taking more of the federal budget.

(3) Health care is taking more directly out of the elderly's pockets.

(4) Health care could more than double by 1990.

(5)The elderly need and spend more on health care than the non-elderly.

(6) Most health care costs occur during the last two years of life, regardless of age at death.

(7) The majority of deaths occur in the elderly population, the major reason why the elderly account for a high proportion of overall health care costs.

(8) A very small group of the elderly account for a large proportion of the health care expenditures.

In the third area, Long-Term Care, although this often is considered as an element of health care, this is a somewhat limited view. In reality, this dimention embraces the challenging requirement for effectively helping people live out their lives with dignity and a sense of self-respect.

The elderly are more likely to experience disibilities; some temporary, some permanent. Frequently the disabilities result in care requirements which extend beyond medical care. They embrace a range of helping-arrangements, many of which assist with everyday living activities.

Long-term care is considered to include all the services needed on a continuing basis to enable someone with a chronic disability to have full social, physical, and psychological functioning. The existence of a chronic disease is not implied by any limitations in physical and/or mental capacity. Such limitations can, however, prevent a person from carrying out the tasks of daily living without assistance. Some salient facts to consider regarding Long-Term Care are:

1- Most long-term care is given at home by the family. For example, in 1980 less than 10% of an estimated 11 million elderly having some degree of daily activity limitation were institutionalized. It is estimated that by the year 2000, the number with such limitations will rise to 16 million, and by the year 2020 exceed 23 million; more than double the 1980 rate !

2- Only about 5% of the elderly live in nursing homes at any given time, but the rate of use of nursing homes by the elderly has doubled - almost twice the number since the introduction of Medicare and Medicaid in 1965.

3- At present, the family is the primary provider of long-term care for the non-institutionalized elderly. Yet demographic and social trends data indicate that the family's ability to provide such support will be strained.

4- For the following reasons, it is entirely likely that families will increasingly need and expect public help in providing long-term care for the elderly:

a) the number of elderly in need of such care is increasing.

b) more and more elderly women are living alone.

c) adult women, traditionally care-givers, are increasingly working outside the home and therefore are not as likely to be available for full-time care assistance in the future.

d) as life expectancy increases, the trend will be for the aged to have children who are themselves elderly. These latter senior Americans

are not as likely to have the financial resources or the physical stamina to care for elderly relatives. Additionally, younger adult children who are still in the workforce may increasingly find that they have more than one generation of elderly relatives to support and assist;

e) over the last three decades family size has decreased markedly. As a consequence, there are and will continue to be fewer children to provide personal, direct assistance for elderly parents.

5- It is very likely that American families will increasingly need and expect public help in providing long-term care for the elderly. This is due to the fact that the number of elderly in need of such care continues to increase, and more and more elderly women are living alone.

Conclusions

In 1960, just 1 American in 10 was 65 - some 16.5 million people. By the year 2050, less than a century from now, 1 person in 5 is expected to be over 65 - about 67 million in number ! This represents more than a fourfold increase. An age-related population shift of this magnitude urgently requires careful planning and preparation withintheeconomic and social dimensions of our society. In addition, policy and program considerations are many and varied. These include:

1- Employment & Retirement Concerns over future Social Security costs, federal retirement, and other elderly Americans income programs, now leads policy-makers to consider ways to prolong participation of American seniors in the labor force. It is a challenge for any such incentives to keep older workers in the labor force, for they must compete effectively with the the clear and growing trend of early retirement among American senior citizens.

A further complication exists in that such provisions as the 1983 Social Security Amendments to raise retirement age from 65 to 67 after the turn of the century may - in effect, penalize those individuals who, because of health reasons, unemployment, or age discrimination, are forced to retire early with

reduced financial benefits.

Additionally - a key policy question to be faced in the future will be how to provide cost-effective incentives to a rising proportion of healthy elderly. These seniors presumably will be able to work productively, yet how will this be accomplished without penalizing those who must retire early?

2- Allocation of Health Care Resources Within the last two decades, America has changes from a country in which most of the elderly paid for their own health care services or simply did without. Now most seniors have better access to health care which receives significant support from the government. Despite this, the U.S. has experienced an unprecedented increase in health care costs.

The expected boom during the upcoming century in the seniors population will exascerbate the on-going escalation of health care costs. The elderly will likely continue to pay ever greater proportions of their income for health care.

3- Long-Term Care If the United States is to make the most effective use of the available institutional care facilities which are, unfortunately, both limited and expensive, it must - as a matter of national policy - assist senior Americans to remain members actively participating with their families and communities as long as possible.

The continuing growth of the over-65 and over-85 population alone will require the use of all existing nursing homes just for those individuals who are truely incapacitated and have no other long-term care alternatives.

Most especially - the elderly living alone are a group highly vulnerable for institutionalization. And unfortunately - this may simply be for lack of relatively minor, yet essential, services. This group of senior Americans needs and deserves particular and humane public policy attention.

Coda:

1- The general thrust of this document clearly indicates that tomorrow's

seniors will live a life-pattern differing from the experiences of prior generations.

2- There will be more elderly. Therefore - their concerns will be of greater social significance and impact.

3- As a group, they will be older; they will be predominently female. This will undoubtedly change both their health profiles and needs as compared with those of the present day elderly.

4- More will be alone, changing the nature of their dependence upon resources outside of their households and families.

5- Unanswered questions still remain. Some of the more salient include:

.. What will be the needs of America's elderly in the foreseeable future?

.. What future conditions can be reasonably anticipated?

.. What is the appropriate role of government in meeting the future needs of the elderly?

.. How can equity and efficiency be balanced in national policies regarding the elderly?

.. What are the most appropriate policies and programs for future American seniors?

.. What priority order of policies/programs should obtain!

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1986

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